

No. MDA-EN 03/2024

August 9th, 2024

The President

The Stock Exchange of Thailand

Re: Management's Discussion and Analysis (MD&A) on 2Q2024 performance

1. Executive Summary

(Unit: Million THB)	2Q2024	1Q2024	2Q2023	%Inc. (Dec.)		1H2024	1H2023	%Inc. (Dec.)
				YoY	QoQ			
Sales Revenue	827.0	765.3	935.3	(11.6%)	8.1%	1,592.3	1,838.8	(13.4%)
Gross Profit	180.0	169.2	195.9	(8.1%)	6.4%	349.2	374.6	(6.8%)
Net Profit	65.7	54.9	60.6	8.4%	19.6%	120.6	155.4	(22.4%)
Earnings per share (Baht/share)	0.09	0.09	0.09			0.17	0.24	

SUN's consolidated total sales revenue for 2Q2024 reached THB 827.0 million, reflecting a decrease of THB 108.3 million or -11.6% over the same period last year.

- Revenue from international sales decreased due to favorable weather conditions in 2023, which prompting our trading partners to accelerate their purchases to compensate for the shortages in the previous period. As a result, at the beginning of 2024, our foreign partners, particularly in Asia, had sufficient stock and were not in a hurry to import goods. Meanwhile, the European market continued to expand, with growth driven by increased purchases of canned products by existing customers. The intake of sweet corn proceeded according to plan, with customers beginning to increase their orders in 2Q2024, resulting in an increase in sales revenue by THB 61.7 million or 8.1% compared to 1Q2024.
- Additionally, domestic sales revenue also continued to experience positive growth, particularly in the ready-to-eat (RTE) segment, especially roasted sweet potatoes, boiled tiger peanut, longan in syrup, and ready-to-eat whole grains, all available in convenience stores.

SUN's consolidated net profit for 2Q2024 amounted to THB 65.7 million, representing an increase of THB 5.1 million or 8.4% from the same period last year. This growth was primarily driven by the company's effective management of production costs through improvements in the production line, including increased automation. The depreciation of the Thai Baht also contributed to a higher gross profit margin. Additionally, the company consistently maintains a risk management policy, resulting in a loss of THB 9.6 million from derivatives and exchange rates, a reduction of THB 32.5 million in losses compared to 2Q2023.

SUN's consolidated total sales revenue for the first half of 2024 (1H2024) reached THB 1,592.3 million, a decrease of THB 246.5 million or 13.4% compared to the same period last year (1H2023). Net Profit of SUN and its subsidiary the first half of 2024 (1H2024) was reported at Baht 120.6 million, a decrease of THB 34.8 million or 22.4% from the first half of 2023 (1H2023), primarily due to the 13.4% reduction in sales revenue, as trading partners had accelerated their purchases in the previous period. However, the company improved its gross profit margin through production line enhancement and increased automation. Selling expenses decreased in line with sales, while administrative expenses increased due to higher salaries and employee benefits, and increased inventory rental costs. The company maintains a policy of using financial hedging instruments to protect against foreign exchange fluctuations. The loss on exchange rate and derivatives for 1H2024 was THB 36.6 million.

As of 30 June 2024, SUN and its subsidiary had the total assets amounting to THB 2,172.3 million, an increased of THB 194.2 million or 9.8% from 31 December 2023, This increase was primarily due to (1) a rise in inventory by THB 175.4 million from the continuous procurement of sweet corn to meet the growing customer demand. (2) an increase in property, plant and equipment increased by THB 21.7 million due to the X-RAY and leakage detection machines project and the enhancement of the sweet potato production line project.

Whereas the total liabilities were recorded at THB 844.0 million, an increase of THB 232.7 million or 38.1% primarily due to an increase in short-term loans from financial institutions amounting to THB 316.5 million to support working capital. Additionally, total shareholders' equity was THB 1,328.4 million, a decrease of THB 38.5 million or 2.8% compared to 31 December 2023. This change was due to (1) the net profit of THB 120.6 million, and (2) other comprehensive income of THB 2.1 million, resulting from changes in the fair value measured using actuarial methods. The decrease in employee benefits liabilities and the increase in other comprehensive income were mainly due to higher discount rate assumptions in the actuarial calculations. (3) Furthermore, the company paid a cash dividend of THB 161.2 million.

2. Economic Overview in the Second Quarter of 2024

The world economy in 2Q2024 continues to expand, with the U.S. economy continually growing in consumer spending. Meanwhile, Japan's economy improved due to the depreciation of the Yen. In contrast, the European economy contracted due to reduced production and exports, although consumption remained stable. Ongoing risks include to geopolitical conflicts and delays in shipping resulting from these conflicts.

The THB slightly depreciated against the US dollar throughout the 2Q2024, primarily due to the Federal Reserve's monetary policy direction. Nevertheless, the company managed this risk by consistently engaging in forward exchange contracts to mitigate the impact of exchange rate volatility.

The Thai economy in 2Q2024, expanded overall, driven by revenue from tourism, private consumption remained stable, while export growth slowed and the industrial production sector continued to recover slowly due to structural factors. This resulted in some business and household incomes remaining vulnerable. Meanwhile, government spending increased compared to the previous year.

Both the Thai and world economies still need to closely monitor (1) the effects of accelerated budget disbursements and government measures (2) the recovery of exports and production (3) the rebound in the number and revenue from international tourists (4) geopolitical conflicts (5) the Federal Reserve's monetary policy, and (6) the impact of the "La Niña" phenomenon on agricultural yields and commodity prices.

3. Financial Results of SUN and its subsidiary for 2Q2024

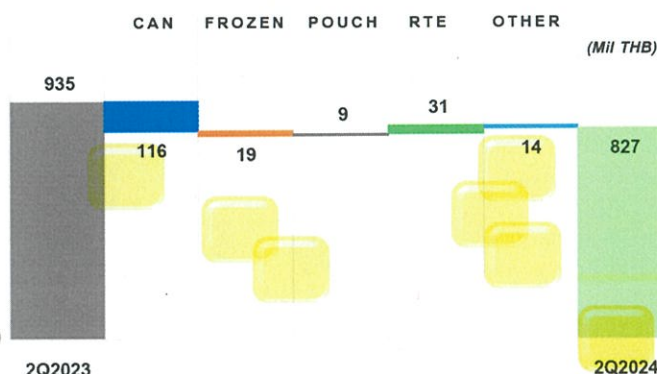
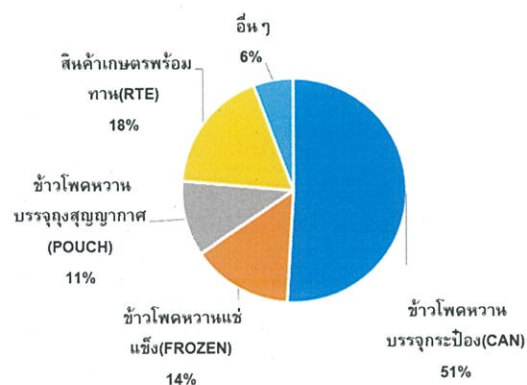
(Unit: Million THB)	2Q2024	1Q2024	2Q2023	%Inc. (Dec.)		1H2024	1H2023	%Inc. (Dec.)
				YoY	QoQ			
Revenue from sales	827.0	765.3	935.3	(11.6%)	8.1%	1,592.3	1,838.8	(13.4%)
Cost of sales	(647.0)	(596.1)	(739.4)	(187.5%)	8.6%	(1,243.1)	(1,464.2)	(15.1%)
Gross profit	180.0	169.2	195.9	(8.1%)	6.4%	349.2	374.6	(6.8%)
Other income	2.6	3.6	1.7	44.7%	(28.1%)	6.2	3.1	97.7%
Losses on exchange rate & on derivatives, net	(9.6)	(27.0)	(42.1)	(77.3%)	(64.5%)	(36.6)	(32.5)	12.6%
Selling expenses	(56.1)	(50.1)	(62.5)	(10.2%)	12.0%	(106.3)	(121.5)	(12.5%)
Administrative expenses	(35.9)	(31.2)	(23.9)	50.3%	15.0%	(67.1)	(45.2)	48.5%
Finance costs	(4.7)	(2.8)	(0.4)	987.2%	69.9%	(7.4)	(1.7)	331.2%
Profit before income tax	76.3	61.7	68.7	10.9%	23.6%	138.0	176.8	(22.0%)
Income tax	(10.6)	(6.8)	(8.1)	30.2%	56.4%	(17.3)	(21.4)	(19.1%)
Net profit	65.7	54.9	60.6	8.4%	19.6%	120.7	155.4	(22.4%)
Earnings per share (THB/share)	0.09	0.09	0.09			0.17	0.24	
% GP	21.8%	22.1%	20.9%			21.9%	20.4%	7.6%
% Net profit margin	7.9%	7.1%	6.5%			7.5%	8.4%	(10.5%)
EBITDA	106.4	88.1	88.6	20.2%	20.8%	194.6	217.2	(10.4%)
% EBITDA margin	12.8%	11.5%	9.5%			12.2%	11.8%	

Summary of Financial Performance

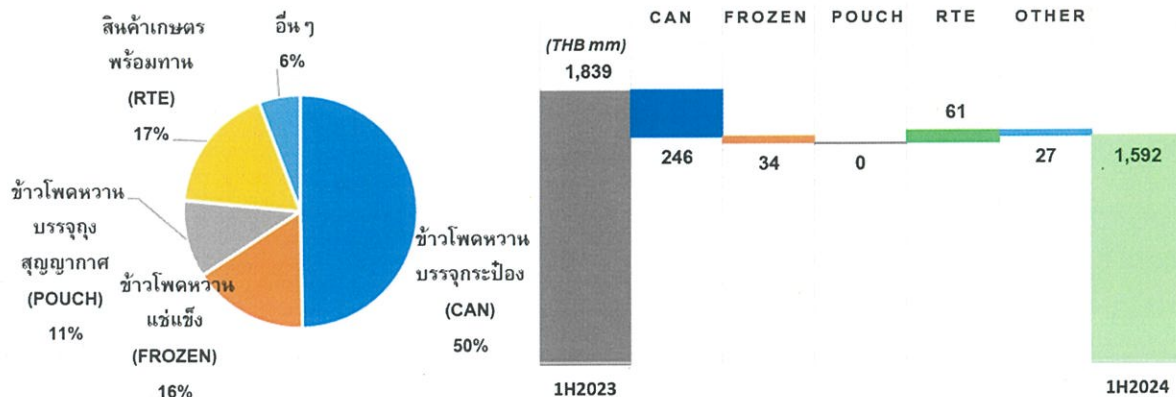
Revenues

1. Revenues from Sales

Sales Breakdown(%) 2Q2024



Sales Breakdown(%) 1H2024



SUN's consolidated total revenues from sales for 2Q2024 reached THB 827.0 million, representing a decrease of THB 108.3 million or 11.6% over the same period last year. This decrease was mainly due to:

- In 2023 the trading partners accelerated their purchases to compensate for previous shortages. Consequently, at the beginning of 2024, international customers, particularly in Asia Pacific region, had sufficient stock, which reduced the urgency to import products and led to delay in inventory orders. However, by 2Q2024, customers in Asia, especially from Japan, Taiwan, and South Korea, gradually increased their orders, resulting in a THB 61.7 million or 8.1% increase in sales revenue compared to 1Q2024. Meanwhile, the European market continued to expand, particularly in canned goods, as existing customers increased their purchases.
- Domestic sales increased from ready-to-eat (RTE) products, especially Roasted Japanese sweet potato, Boiled tiger peanut, longan in syrup and ready-to-eat whole grains available for purchase in convenience stores.

SUN's consolidated total revenues from sales for 1H2024 reached Baht 1,592.3 million, representing a decrease of Baht 246.5 million or 13.4% over the same period last year.

2. Other Income

The consolidated other income for 2Q2024 was THB 2.6 million, representing an increase of THB 0.9 million or 44.7% over the same period last year. The other income primarily includes profits from the sale of old machinery, sales of scrap metal and materials, and income from tax refunds.

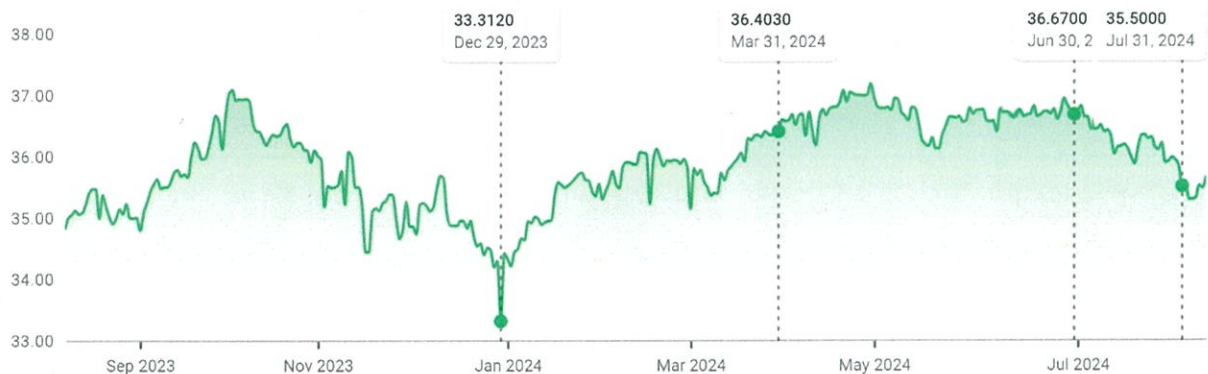
The consolidated other income for 1H2024 was Baht 6.2 million, representing an increase of Baht 3.1 million or 97.7% over the same period last year driven by the abovementioned reasons.

3. Gain (Loss) on exchange rate and derivatives, net

The consolidated loss on the exchange rate and derivatives, net for 2Q2024 was THB 9.6 million, representing a decrease of loss amounting to THB 32.5 million or 77.3% from 2Q2023, which was loss on exchange rate and derivatives amounting to THB 42.1 million.

The consolidated loss on exchange rate and derivatives, net for 1H2024 was Baht 36.6 million, representing an increase of loss amounting to Baht 4.1 million or 12.6% over the same period last year, which was loss on exchange rate and derivatives amounting to THB 32.5 million.

The THB depreciated against US dollar throughout 1Q2024 and continued weaken slightly in 2Q2024, but appreciated in July 2024, driven by the Federal Reserve's monetary policy direction. Nevertheless, the company managed this risk by consistently engaging in forward exchange contracts to mitigate the impact of such exchange rate volatility.



Cost of Goods Sold and Gross Profit from Sales

SUN's consolidated gross profit for 2Q2024 reached THB 180.0 million. (21.8% of gross profit margin), representing a decrease of THB 15.9 million or 8.1% over the same period last year, which was THB 195.9 million. (20.9% of gross profit margin). Gross Profit decreased due to a 11.6% decline in sales revenue from sales revenue, resulting from customers accelerating purchases in the previous period. However, the %GP increased because (1) the price of sweet corn raw materials decreased due to an ample supply resulting from increased planting earlier (2) the company managed production costs effectively to enhance competitiveness, focusing on green energy initiatives such as energy-saving projects like Biogas production project from waste (corncoobs) and solar roof project (3) ongoing improvements in cultivation and production, such as optimizing cultivation areas, developing high-yield

varieties, and utilizing technology for precise yield forecasting; and (4) enhancements in the production line, with increased use of automation, such as biomass steam generators with a capacity of 15 tons per hour, X-RAY machines, and packaging leak detection machines.

SUN's consolidated gross profit for 1H2024 reached THB 349.2 million. (21.9% of Gross Profit Margin), representing a decrease of THB 15.9 million or 6.8% over the same period last year, which was Baht 374.6 million. (20.4% of Gross Profit Margin).

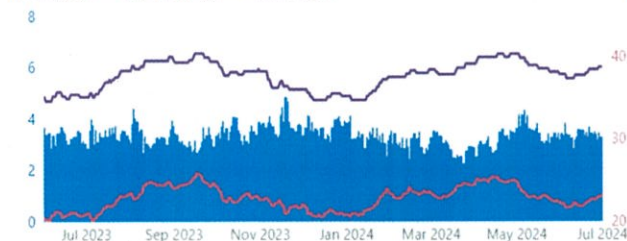
Selling Expenses

The consolidated selling expenses for 2Q2024 amounted to THB 56.1 million, representing a decrease of THB 6.4 million or -10.2% over the same period last year. This reduction in selling expenses is in line with the decrease in sales volume. Oil prices are showing an upward trend due to ongoing geopolitical conflicts in the Middle East and Europe. However, the company continues to strictly control transportation costs.

The consolidated selling expenses for 1H2024 was Baht 106.3 million with an increase of Baht 15.2 million or 12.5% over the same period last year driven by the abovementioned reasons.

น้ำมันเบนซิน 95E10 (บาทต่อลิตร)

● ค่าการตลาด — ราคา ณ โรงกลั่น — ราคาขายปลีก



น้ำมันดีเซล บี7 (บาทต่อลิตร)

● ค่าการตลาด — ราคา ณ โรงกลั่น — ราคาขายปลีก



General and Administration Expenses

The consolidated general and administration expenses for 2Q2024 was THB 35.9 million with an increase of THB 12.0 million or +50.3% over the same period last year. This increase was primarily due to the higher salaries and benefits, as well as increased warehouse costs and expenses related to agricultural research and agricultural technology projects.

The consolidated general and administration expenses for 1H2024 was Baht 67.1 million with an increase of THB 21.9 million or 48.5% over the same period last year driven by the abovementioned reasons.

Financial Costs

The consolidated financial costs for 2Q2024 were THB 4.7 million with an increase of THB 4.3 million or +987.2% over the same period last year. This increase was primarily attributed to the utilization of short-term loans from financial institutions for working capital.

The consolidated financial costs for 1H2024 was Baht 7.4 million, an increase of Baht 5.7 million or 331.2% over the same period last year driven by the abovementioned reasons.

Net Profit and Net Profit Margin

SUN's consolidated net profit for 2Q2024 reached THB 65.7 million, an increase of THB 5.1 million or 8.4% over the same period, primarily due to a reduction of THB 32.5 million in losses from derivatives and exchange rates.

The consolidated net profit margin for 2Q2024 represented 7.9%, increasing from the same period last year, which was 6.5% of net profit margin driven by the abovementioned reasons.

SUN's consolidated net profit for 1H2024 reached THB 120.7 million, a decrease of THB 34.7 million or -22.4% over the same period last year. This decrease can be attributed to the following factors:

- i) 13.4% decrease in revenue from sales.
- ii) Despite the decrease in sales revenue, the lower price of sweet corn raw materials and effectively management of production costs through enhancements in production lines and increased automation in the manufacturing process to improve efficiency, resulting in a higher gross profit margin.
- iii) Selling expenses and administrative expenses increased due to higher employee salaries and benefits, as well as increased warehouse costs.
- iv) In addition, the company maintained a consistent hedging policy. In 2Q2024, the loss from derivatives and foreign exchange amounted to THB 36.6 million.

The consolidated net profit margin for 2Q2024 represented 7.5%, decreasing from the same period last year, which was 8.4% of net profit margin as the same above-mentioned factors.

4. Major Project Progress

The efficiency improvement and production capacity expansion project was completed in 2Q2024 as below:

1. X-RAY and leakage testing machines for packaging.

Furthermore, the company has ongoing investment projects in the FY2024, including:

1. The construction project of a factory to increase production capacity to support the growth of the Ready-to-Eat products in the domestic market.
2. The project to enhance efficiency and reduce raw material loading expenses (The Raw Material Loading project)
3. The packing line machinery for small-sized canned products.
4. The project aimed at enhancing production efficiency of Ready-to-Eat products in the domestic market by replacing manual labor with machinery.

These project supports the Company's strategy for sales growth expansion and increased production capacity to meet the consumers demands while also improving efficiency in consistently manufacturing high-quality products in accordance with established standards.

Yours sincerely,



Mr. Vira Nopwattanakorn

Chief Finance Officer

Sunsweet Public Company Limited